JUN 27 1986

Y 1.1/8: 99-650

99TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
99-650

COMPLETED 12 ORIGINAL

LOWER COLORADO WATER SUPPLY ACT

JUNE 23, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. UDALL, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H.R. 5028]

[Including the cost estimate of the Congressional Budget Office]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 5028) entitled the "Lower Colorado Water Supply Act," having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 1, line 3, strike all after the enacting clause and insert the following in lieu thereof:

SEC. 1. AUTHORIZATION.

SECTION 1. (a) The Secretary of the Interior is authorized to construct, operate and maintain the Lower Colorado Water Supply Project, California in order to supply water for domestic, municipal, industrial and recreational purposes only. Such project shall be constructed substantially in accordance with the plans set forth in the document entitled "Lower Colorado Water Supply Study, California" (December, 1985): *Provided*, That the Secretary is prohibited from constructing facilities with a total capacity in excess of 10,000 acre feet per annum under authority of this Act.

(b)(1) The Secretary is further authorized to enter into exchange contracts and take such actions as the Secretary deems appropriate to facilitate a water exchange agreement between non-Federal interests and those interests designated in Section 2(b) of this Act in which such non-Federal interests agree to exchange a portion of their rights to divert water from the Colorado River for an equivalent quantity and quality of groundwater to be withdrawn from a well-field located in the Sand Hills area, Imperial County, California.

(2) The Secretary is prohibited from executing any contracts under the authority of subsection b(1) of this section until such contracts have been submitted to the Committee on Interior and Insular Affairs of the House of Representatives and to the Committee on Energy and Natural Resources of the Senate and 90 calendar days have elapsed.

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SEC. 2. REPAYMENT OF COSTS.

SEC. 2. (a) The Secretary is prohibited from obligating or expending any of the funds authorized to be appropriated by section 3 of this Act until—

(1) a study has been completed, and submitted to the appropriate committees of the Congress, allocating among the Federal and non-Federal beneficiaries the capital costs and the costs of operating, maintaining and replacing the project authorized by section 1 of this Act;

(2) the Secretary has entered into a contract or contracts with non-Federal interests for repayment of the capital costs, plus interest, allocated to non-Federal interests for municipal and industrial purposes as identified in the cost allocation study prepared under subsection a(1): *Provided*, That the terms and provisions of such contracts and repayment shall be governed by the provisions of the Water Supply Act of 1958 which were in effect on January 1, 1986; and,

(3) the Secretary has entered into a contract or contracts with non-Federal interests for payment of 100 per centum of the costs allocated to such non-Federal interests for the operation, maintenance and replacement of the project.

(b) Any contracts executed by the Secretary to fulfill the requirements of subsections a(2) and a(3) of this section must be with persons, or Federal or non-Federal governmental entities whose lands or interests in lands are located adjacent to the Colorado River in the State of California who do not hold rights to Colorado River water or whose rights are insufficient to meet their present or anticipated future needs, as determined by the Secretary. Such persons, or Federal or non-Federal governmental entities shall include the City of Needles, the town of Winterhaven, and other domestic, municipal, industrial and recreational water users along the Colorado River in the State of California.

SEC. 3. AUTHORIZATION OF APPROPRIATIONS

SEC. 3. There are authorized to be appropriated for the construction of the Lower Colorado Water Supply Project through September 30, 1991 the sum of $1,800,000, such sums to remain available until expended. There is further authorized to be appropriated for each of the fiscal years through September 30, 1991, the sum of $100,000 for the operation, maintenance and replacement of that portion of the project used to supply municipal, industrial or recreational water supplies for lands managed by the Federal government. No funds are authorized to be appropriated for payment of the operation, maintenance or replacement costs allocated to non-Federal beneficiaries as determined by the study undertaken under authority of section 2(a)(1).

I. INTRODUCTION

A. PURPOSE

The purpose of H.R. 5028 is to authorize the Secretary of the Interior (hereafter the "Secretary") to construct the Lower Colorado Water Supply Project, California. The project would develop a replacement water supply of up to 10,000 acre-feet annually to non-contract and certain contract users of Colorado River water within the State of California. These water users include individuals and Federal or non-Federal governmental entities whose lands or interests in lands are located adjacent to the Colorado River in California who do not hold rights to Colorado River water or whose rights are insufficient to meet their present or anticipated future needs. The water users include the City of Needles, the town of Winterhaven, and other domestic, municipal, industrial and recreational water users along the Colorado River in California.

H.R. 5028 would authorize the Secretary to enter into exchange contracts and take such other actions as appropriate to encourage water exchange agreements between local irrigation districts and persons or entities whose water rights are insufficient to meet their present or anticipated needs. In such exchanges, the irrigation districts would agree to exchange a portion of their rights to divert water from the Colorado River for an equivalent quantity and qual-

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ity of groundwater to be withdrawn from a well field located in the Sand Hills area, Imperial County, California.

The bill requires costs of the project to be allocated among the various Federal and non-Federal interests. All costs allocated to non-Federal purposes would be repaid, with interest, as required by the provisions of the Water Supply Act of 1958 which were in effect on January 1, 1986.

H.R. 5028 would authorize appropriations of $1,800,000 to construct the Lower Colorado Water Supply Project, and $100,000 annually through 1991 for operation, maintenance and replacement of that portion of the project used to supply water to lands managed by the Federal government.

B. BACKGROUND

Water from the Colorado River

The Colorado River is one of the most carefully controlled and intensely managed rivers in the world. The states which have beneficial interests in the Colorado River system are those lying within the Colorado River Basin: Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming. Each of these states is a party to the Colorado River Compact, which was signed on November 24, 1922. The Compact is one of the documents which collectively make up the "Law of the River." The legislatures of all the signatory states have ratified the compact.

The Colorado River Compact divided the Colorado River Basin into the Upper Basin and the Lower Basin. The division is at Lee Ferry, located a few miles south of the Utah-Arizona boundary. The term "Upper Basin" means those parts of the states of Arizona, Colorado, New Mexico, Utah, and Wyoming within which and from which waters naturally drain into the Colorado River system above Lee Ferry, and also all parts of those states which can divert water from the Colorado River system above Lee Ferry. Similarly, the "Lower Basin" states drain into the river below Lee Ferry, and can divert water from the river for beneficial use below Lee Ferry.

The Colorado River Compact apportioned 7,500,000 acre-feet annually to the Upper Basin, and 7,500,000 acre-feet annually to the Lower Basin. The compact did not, however, apportion water among the states. The Upper Basin States agreed on the apportionment of their share of the river in 1948. The Lower Basin states, however, could not agree, and the apportionment among the Lower Basin states was ultimately decided by the Supreme Court (*Arizona* v. *California*, 373 U.S. 546 (1963)).

Since that decision, the United States has entered into contracts for the delivery of Colorado River water with the states of Arizona and Nevada, and with a variety of agencies in California. In all of those contracts, the obligation of the United States to deliver water is made contingent upon the availability of water from the river.

Within California, most users of the Colorado River agreed on apportionment of what they believed to be California's rights to Colorado River water long before the Supreme Court reached its decision in *Arizona* v. *California*. In 1931, these users signed the "Seven-Party Agreement", which apportioned and set priorities for the use of Colorado River water in California. The Bureau of Land

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Management (BLM), City of Needles, and other water users along the river are *not* parties to this agreement, and most of these users also do not have water delivery contracts with the Secretary.

Since the Colorado River is fully appropriated, opportunities for development of a permanent water supply source for noncontract water users such as the City of Needles are severely limited. In most cases, an exchange agreement would have to be negotiated with one or more contracted users of Colorado River water in California. Any exchange agreement would require the approval of all members of the Seven-Party Agreement. In a letter dated August 13, 1985 to the Bureau of Reclamation, the Imperial Irrigation District expressed its willingness to enter into such an exchange agreement. An exchange of this type is the basis for H.R. 5028, which would develop a replacement water supply for noncontract water users along the river in California.

Water needs

Public Law 96-375, enacted on October 3, 1980, authorized the Secretary of the Interior to engage in feasibility studies to identify an annual water supply of up to 10,000 acre-feet for noncontract and certain contract users of Colorado River water within the State of California. Some of these water users have been using Colorado River water in excess of their contract amounts, and some have been using Colorado River water without any contract at all. As withdrawals from the river for the Central Arizona Project (CAP) increase over the next five years, the water being used by these contract and noncontract users will no longer be available.

These California water users include the BLM, Federal lessees and permittees, the City of Needles and the town of Winterhaven, California, and some independent water users.

Recreational uses along the river have increased dramatically in recent years. Providing a replacement water supply will allow the BLM to meet its obligation to provide water for recreational and other purposes to Federal lands along the river. In addition, a project to develop a replacement and contracted water supply for users now diverting without a contract will allow the Secretary to manage the limited water supply in a more efficient and orderly manner.

Current water uses along the lower Colorado River in California are as follows:

1. Bureau of Land Management.—BLM leases recreation sites for state, county, and recreation areas and parks, and commercial and concessionaire areas in California along the Colorado River. Current use is estimated to be 1,000 acre-feet per year. It is expected that BLM requirements will reach 1,900 acre-feet by the year 2020.

2. City of Needles, California.—Needles has a present perfected right to a 1,500 acre-foot diversion (or 960 acre-feet per year consumptive use) from the Colorado River. However, it does not have a contract with the Secretary of the Interior authorizing the delivery of this water. The city uses an additional 1,747 acre-feet annually in excess of its water right. Water use in the year 2020 is expected to be 3,854 acre-feet, including the city's 960 acre-foot present perfected right.

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3. Town of Winterhaven, California.—Winterhaven's water consumption in 1980 was 128 acre-feet. By the year 2020, consumptive use is expected to be 371 acre-feet.

4. Independent water users.—The Colorado River serves as a domestic and municipal and industrial (M&I) water supply for a number of other entities, none of which has legal contracts with the Secretary. Current usage is approximately 347 acre-feet annually, and this use is expected to remain constant through 2020.

The consumptive water use estimates reported above for the year 2020 total 6,427 acre-feet. Because population growth may exceed the projections used in developing these estimates, the Bureau of Reclamation has concluded that water development proposals to meet needs in California along the Colorado River should be capable of developing up to 10,000 acre-feet annually although a project of that large a size may never need to be constructed.

Project plan

H.R. 5028 specifically requires a replacement water supply to be developed substantially in accordance with the plan described in the draft planning report prepared in accordance with P.L. 96-375.[1] The preferred plan described in that report involves construction of a series of wells located along the All-American Canal west of Winterhaven. Water pumped from the wells would be discharged into the canal in exchange for Colorado River water diverted upstream for non-agricultural purposes by the BLM, Needles, Winterhaven, and other currently noncontracted users.

The well field along the canal would be constructed in stages to meet water use requirements. Existing uses could be met with two wells, each with a capacity of 2,000 acre-feet per year. The construction cost of the two initial wells is estimated by the Bureau of Reclamation to be $662,800. The construction costs for staged construction of the remaining three wells (total project pumping capacity is limited to 10,000 acre-feet per year in H.R. 5028) is $994,200. The total cost for the five wells is estimated to be $1,657,000, based on January, 1985 prices. The Bureau's planning report for this project indicates that three wells will probably be sufficient to meet present and future water needs.

II. Explanation of the Bill

Section 1. Authorization

Authorization to construct M&I project

H.R. 5028, as ordered reported, would authorize the Secretary of the Interior to construct, operate and maintain the Lower Colorado Water Supply Project, California. The bill authorizes the Secretary to construct this project in order to supply water for domestic, municipal, industrial and recreational purposes only. The project is to be constructed substantially in accordance with the plans and specifications set forth in the document entitled "Lower Colorado Water Supply Study, California" (December, 1985). The bill prohib-

[1] Lower Colorado Region, U.S. Bureau of Reclamation, "Lower Colorado Water Supply Study, California. Draft Planning Report/Environmental Assessment" (December, 1985).

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its the Secretary from constructing project facilities capable of supplying more than 10,000 acre feet per year under the authority of this Act.

The Committee recognizes that the project authorized by H.R. 5028 is unique. Most Bureau of Reclamation facilities are constructed in order to meet irrigation and agricultural needs. However, in this case, the project authorized by H.R. 5028 would supply water only for the purposes of meeting domestic, municipal, industrial or recreational needs. Thus, the Secretary is not authorized to provide any water from this project for the purpose of meeting any irrigation or agricultural needs.

The Committee would note that the bill contains language directing the Secretary to construct this project substantially in accordance with the plans and specifications set forth in the document entitled "Lower Colorado Water Supply Study, California" (dated December, 1985). The project to be constructed is that referred to as the "preferred option" in that report. Thus the Secretary will be constructing a series of not more than 5 groundwater wells in the Sand Hills area, Imperial County, California. The water developed from these wells will be exchanged for Colorado River water as described in subsequent sections of this report. The Secretary is not authorized to deviate in any substantial manner from the project plan outlined in that report. Any substantial changes to be made only after they are authorized by subsequent legislation.

H.R. 5028 contains a proviso concerning the capacity of the project facilities to be constructed. The bill prohibits the Secretary from constructing facilities which have capacity in excess of 10,000 acre feet per annum under the authority of this Act. A project of this size will deliver enough water to meet the needs of Federal agencies and other governmental entities in California who currently lack sufficient water. If a larger project is needed, the Committee expects the Secretary to propose the necessary legislation to authorize larger facilities.

Application of reclamation law

The Committee would note that the Secretary is *not* being authorized to construct, operate or maintain the Lower Colorado Water Supply Project under the authority of the Federal Reclamation laws (Act of June 17, 1902 (32 Stat. 388), and Acts amendatory thereof and supplementary thereto, including the Reclamation Reform Act of 1982 (P.L. 97-293, 96 Stat. 1263)). H.R. 5028 provides separate, independent authority for the Secretary to construct and operate this project. Indeed, the Secretary is prohibited from supplying water for any purpose other than domestic, municipal, industrial or recreational purposes. In addition, all water excess of that needed for Federal agencies, must be contracted for and repaid in accordance with contracts executed under the Water Supply Act of 1958, as amended.

The Committee makes this observation in order to make it clear that the Reclamation laws (including the provisions of the Reclamation Reform Act of 1982) will not apply to any water delivered by this project.

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Exchange contracts

Section 1(b)(1) of H.R. 5028 authorizes the Secretary to enter into exchange contracts, and take such actions as he or she deems appropriate, to facilitate a water exchange agreement between non-Federal interests and those interests designated in Section (2)(b) of this Act. These contracts will provide that such non-Federal interests will agree to exchange a portion of their rights to divert water from the Colorado River for an equivalent quantity and quality of groundwater to be withdrawn from a well-field located in the Sand Hills area, Imperial County, California.

This section is critical for this project to be a success. It is intended that the project will proceed in the following manner. The Secretary will construct a well field along the All-American Canal in the Sand Hills area, Imperial County, California. Non-Federal interests who presently hold water rights to the Colorado River will then execute exchange agreements. These agreements will provide that communities or persons located along the Colorado River will be free to divert water from the Colorado River, if the non-Federal interest is assured an equivalent quantity and quality of groundwater to be withdrawn from the well field.

The language of this section is flexible and allows the Secretary to be a participant in the exchange agreements, or assist non-Federal entities to execute such agreements. Either approach is acceptable to the Committee. The important factor is that these agreements must be executed for the project to be successful.

The Committee would point out that an amendment has been added to provide that any exchange agreement must guarantee the exchange of an equivalent quantity, as well as quality of groundwater. No party to such an agreement should be required to receive either a less quantity or quality of water than they presently receive under any existing water right.

Congressional review

Section 1(b)(2) of H.R. 5028 requires that the Secretary is prohibited from executing any exchange contracts until such contracts have been submitted to the Congress for a 90 calendar day review period. The Committee believes that the exchange contracts to be executed under this legislation will be complicated and could set important precedents. Given the sensitive nature of water rights and legal proceedings along the Colorado River, the Committee believes it is essential that the Congress and the public have an opportunity to review any exchange contracts in detail. It is for this reason that the subsection requiring a 90 calendar day review period for any exchange contract was included.

SECTION 2. REPAYMENT OF COSTS

Contracts executed prior to construction

Section 2(a) would prohibit the Secretary from obligating or expending any of the funds authorized to be appropriated by this Act until all of the following actions take place. These actions are:

Cost allocation study.—Section 2(a)(1) would require the Secretary to complete and submit a cost allocation study to the Congress

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prior to obligating or expending any of the funds authorized by H.R. 5028. This study will allocate the costs of the project among the various Federal and non-Federal entities who are interested in contracting for water from the project. This section makes it clear that the cost allocation study should allocate not only capital costs, but also the costs of operating, maintaining and replacing the project. The Committee believes this information must be included in the cost allocation study so that the proper repayment and operation and maintenance contracts can be executed.

Repayment contracts.—Section 2(a)(2) would require the Secretary to enter into contracts with non-Federal entities for repayment of the capital costs, plus interest, allocated to such non-Federal entities for municipal and industrial purposes prior to obligating or expending any of the funds authorized. The bill directs that the terms and provisions of such contracts and repayment shall be governed by the provisions of the Water Supply Act of 1958, as amended (72 Stat. 320; 43 U.S.C. 390b) which were in effect on January 1, 1986.

This section makes it clear that the Secretary must have executed repayment contracts with non-Federal entities prior to initiating construction on the project. Further, these contracts will have to insure repayment of all the capital costs of that portion of the project allocated to non-Federal interests, plus interest. The repayment contracts will be executed under the authority of the Water Supply Act of 1958. The Secretary is not authorized to use the authority of the Reclamation Projects Act of 1939 to execute contracts for the delivery of municipal and industrial water for this project. As a result, all the costs of the project not allocated to meet the needs of Federal agencies will be repaid, with interest.

The Committee recognizes that legislation is currently pending which would significantly alter the repayment terms and provisions of the Water Supply Act. Therefore, language has been included to make it clear that these contracts shall be governed by the provisions of the Water Supply Act in effect on January 1, 1986.

Operation and maintenance [O&M] contracts.—Section 2(a)(3) would require that the Secretary enter into contracts with non-Federal entities for payment of 100 percent of the costs allocated to such non-Federal interests for repayment of the operation, maintenance and placement costs of the project prior to obligating any of the funds authorized for construction.

The intent of this section is clear. Prior to initiating construction, the Secretary must be assured that the costs attributable to non-Federal interests for operating, maintaining and replacing the project will be repaid by such interests. The Federal government must be satisfied that non-Federal interests will pay their fair share of operating, maintaining and replacing the project prior to initiating construction.

Limitation on who may contract

Section 2(b) of H.R. 5028 provides that any repayment of O&M contracts must be with persons or Federal or non-Federal governmental entities whose lands or interests in lands are located adjacent to the Colorado River in the State of California. In addition,

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such persons or entities must not hold rights to Colorado River water or their rights must be insufficient to meet their present or anticipated future needs, as determined by the Secretary. Finally, Section 2(b) notes that these persons or entities shall include the City of Needles, California, the town of Winterhaven, California, and other domestic, municipal, industrial and recreational water users along the Colorado River in the State of California.

The intent of this section is to limit the persons or entities who may contract with the Secretary for water from the project. The section provides that the Secretary should give first priority to contract with Federal agencies who may require a long-term, assured water supply to meet their needs. These agencies shall include the Bureau of Land Management which manages considerable acreage in the area.

After meeting the needs of Federal agencies, the Secretary is then free to contract with persons or non-Federal governments. However, such persons or governments must meet certain eligibility requirements. These requirements are that such persons or governments: (1) must own lands or interests in lands adjacent to the Colorado River; (2) must own lands or interests in land located in the State of California; and, (3) must not hold rights to Colorado River water or the water rights they do hold must be insufficient to meet their present or anticipated future needs, as determined by the Secretary.

The Committee recognizes that these conditions narrow the number of possible contractors for water from the project. However, the project's first priority is to meet the needs of Federal agencies. After resolving those needs, the project is intended to resolve the water supply problems of other governmental agencies and persons along the Colorado River in California.

SECTION 3. AUTHORIZATION OF APPROPRIATIONS

Section 3 of H.R. 5028 authorizes the appropriations of $1,800,000 for the construction of the Lower Colorado Water Supply Project through September 30, 1991. These sums are to remain available until expended. The bill also authorizes appropriation of $100,000 per year for each fiscal year through September 30, 1991 for the operation, maintenance and replacement of that portion of the project used to supply municipal, industrial or recreational water supplies for lands managed by the Federal government. This specifically provides that no funds are authorized to be appropriated for payment of the operation, maintenance or replacement costs allocated to non-Federal beneficiaries as determined by the study undertaken under authority of section 2(a)(1).

The Committee would note that the funds authorized for construction of the project are *not* indexed for inflation. In addition, whatever funds remain at the end of fiscal year 1991 will lapse. Assuming the Bureau of Reclamation's estimate of the construction costs is accurate and construction is completed in a timely manner, no additional action by the Committee will be required. However, if there are delays, the Committee will be required to hold oversight hearings and/or enact additional legislation before the end of fiscal year 1991. The Committee believes that not indexing construction

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costs will insure the proper oversight and involvement of the authorizing committees in the project.

Section 3 provides authorization of $100,000, through fiscal year 1991, for operation, maintenance and replacement (OM&R) of that portion of the project costs attributable to delivery of water to Federal lands. The Committee would note that this authorization would terminate at the end of fiscal year 1991 and after that date no funds are authorized to be approriated for such OM&R costs. Thus, the Committee will have to enact legislation to authorize permanent authorization for OM&R funding at a future date.

Finally, the Committee would note that Section 3 specifically prohibits the expenditure of funds by the Secretary for the purpose of operating, maintaining or replacing any portion of those costs of the project attributable to non-Federal interests. Such costs are the sole responsibility of non-Federal entities.

III. Budget Effects of the Bill

A. COMMITTEE ESTIMATE

In compliance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the following statement is made: The Committee agrees with the cost estimate prepared by the Congressional Budget Office which is included below. This estimate indicates that the bill will result in potential outlays of $2 million through the end of fiscal year 1991.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

With respect to clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee advises that the Congressional Budget Office cost estimate included below indicates that there are $2,300,000 in appropriations authorized by the bill. However, unlike most previous Reclamation project authorization bills, this authorization of appropriations is not indexed for inflation.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives requiring a cost estimate prepared by the Congressional Budget Office [CBO], the following report prepared by CBO is provided:

U.S. Congress,
Congressional Budget Office,
Washington, DC, June 23, 1986.

Hon. Morris K. Udall,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Longworth House Office Buildings, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the attached cost estimate for H.R. 5028, the Lower Colorado Water Supply Bill.

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If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

RUDOLPH G. PENNER.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: H.R. 5028.

2. Bill title: The Lower Colorado Water Supply Bill.

3. Bill status: As ordered reported by the House Committee on Interior and Insular Affairs, June 18, 1986.

4. Bill purpose: H.R. 5028 would authorize the appropriation of $1.8 million to remain available through fiscal year 1991 for construction of the Lower Colorado Water Supply Project in California and $100,000 each year through fiscal year 1991 to operate and maintain the project. The bill would prohibit the Secretary of the Interior from beginning construction on the project until a cost allocation study has been completed and submitted to the Congress and until repayment contracts with non-federal beneficiaries have been executed. The bill also would place certain restrictions on the execution of repayment and operation and maintenance contracts.

5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1987	1988	1989	1990	1991
Estimated authorization level	0.5	0.1	0.1	0.1	1.4
Estimated outlays	.4	.2	.1	.1	.1

The costs of this bill fall within budget function 300.

Basis of estimate: Based on information from the Bureau of Reclamation, it was assumed in this estimate that only those amounts needed to complete the first phase of the Lower Colorado Water Supply Project would be appropriated by fiscal year 1990 and that the first phase of construction would begin in fiscal year 1987, assuming appropriations are provided before the beginning of the fiscal year. It was assumed that the remainder of the amounts authorized in this bill for construction would be appropriated in fiscal year 1991, assuming that the Bureau of Reclamation determines that the first phase of the projects is not sufficient to meet the water delivery requirements set forth in the bill. Outlays have been estimated based on information from the Bureau of Reclamation.

It is estimated that approximately $0.3 million of the total amount spend on construction in 1987 and 1988, plus interest, will be repaid to the federal government by non-federal project beneficiaries beginning in the fiscal year in which water is first delivered, probably 1988. Because the repayments would be made over a long period, probably 40 years, annual receipts would be small. Approximately two-thirds of any future expenditures for construction would also be repaid by non-federal project beneficiaries.

6. Estimated cost to State and local governments: None.

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7. Estimate comparison: None.
8. Previous CBO estimate: None.
9. Estimate prepared by: Theresa Gullo.
10. Estimate approved by: C.G. Nuckols, for James L. Blum, Assistant Director for Budget Analysis.

IV. Other Matters Required To Be Discussed Under the Rules of the House of Representatives

A. VOTE OF THE COMMITTEE

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made: the bill H.R. 5028 was ordered favorable reported to the House of Representatives by voice vote.

B. OVERSIGHT FINDINGS

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the need for this legislation has been confirmed at hearings previously held and oversight findings made by the Subcommittee on Water and Power Resources.

C. OVERSIGHT BY COMMITTEE ON GOVERNMENT OPERATIONS

In compliance with clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee states that no oversight findings and recommendations have been submitted to the Committee by the Committee on Government Operations with respect to the subject matter contained in the bill.

D. INFLATION IMPACT

In compliance with clause 2(l)(4) of Rule XI of the House of Representatives, with regard to the inflationary impact of the reported bill, the Committee believes that the bill will not have an inflationary impact on national prices or costs.

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